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REPLY TO JONES

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W. CAMERON FORBES

Governor-General of the Philippine Islands

REPLIES TO FALSE CHARGES CONTAINED IN THE
SPEECHES MADE BY WILLIAM A. JONES, OF
VIRGINIA, IN THE HOUSE OF REPRESENTATIVES
JANUARY 28 AND
FEBRUARY 13, 1913



MANILA
1913

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REPLY TO JONES

I resent the false charges made in the House of Representatives by Hon. William A. Jones, of Virginia, against me and against the American administration of the Philippine Islands. I resent them in my own behalf, in behalf of my associates, and in behalf of my predecessors in the Insular Government. I do not disparage honest criticism, but I submit to the American people that we who represent you here are entitled, at least, to justice and fairness from those who represent you in Congress.

Mr. Jones is chairman of the Committee on Insular Affairs of the House of Representatives, and author of a bill intended to withdraw American control from the Philippine Islands. However I may differ with Mr. Jones as to the wisdom and propriety of terminating in the near future our national guardianship of the Filipinos, I do not question his right to express and support his opinion. I concede that he may properly urge, if he so believes, that the Filipinos, unaided, could and would maintain a better government than is now given them, provided he fairly reports the present government; but I insist that he may not pervert the facts nor say what is false; that he may not, in malice or in disregard, slander me or any other American official to support his contention.

A Member of Congress has great power to harm the reputation of others; his high office gives weight to his statements and insures publicity to his accusations; he is exempt under the Constitution from liability, except to Congress itself, for any calumny that he may choose to pronounce in speech or debate; the courts are not available for redress to those whom he may slander; his statements are circulated and preserved in the Congressional Record. Mr. Jones, in addition to this capacity for injury, had the prestige of his position as chairman of the committee especially concerned with the Philippine Islands; it would naturally be presumed that he spoke with knowledge of Philippine affairs. We whom he attacked were on the other side of the world, where his charges could not even reach us for a month or more, and our denials could in no way be heard until long after the charges had been made. We had no adequate

means of reply and no right nor opportunity to be heard in the place where we were accused. We occupy a somewhat conspicuous position before the world, at the head of a unique and interesting experiment in government. We serve among a suspicious and credulous people, to whom the false statements, made by our own countryman in high position, would surely come to weaken their confidence in us and in the American people. Surely it behooved Mr. Jones to speak the truth of us—not to malign his countrymen without good grounds—not to accuse us in bad faith or without knowledge of the facts.

In Mr. Jones's speeches of January 28 and February 13, 1913, before the House of Representatives, he has traduced me and my associates in the government of the Philippines. Those speeches, so far as they refer to the Insular administration, contain few accurate statements, much suppression of the true, much suggestion of the false, and not a little outright untruth. Many things concerning which Mr. Jones spoke were matters of public record; all of the facts were readily accessible to any Member of Congress, and especially to the chairman of the Committee on Insular Affairs. We have no recourse for our vindication except this, to present the facts to the American people and let them judge between Mr. Jones and us.

I charge that a Member of Congress who, having the means of knowing the truth, maliciously or recklessly slanders American public servants is unfit to represent the State of Virginia. I greatly mistake the temper of the American people if they, knowing the facts, do not rebuke an unwarranted attack upon the honor of the Philippine Government, which is, before the world, the honor of the American nation.

Unfortunately there are many Americans who know little of what has been accomplished in the Philippines, of the form of government and the method of administration. In order that the issue may be clearly understood, it seems necessary, before taking up Mr. Jones's statements and answering them, to preface a short description and history of the American government of these Islands.

As everyone knows, the Philippine Islands were acquired as a result of the war with Spain and the consequent treaty of peace. Their government was necessarily, during the first years, of a military character, controlled by the President of the United States as commander in chief of the national forces. As the insurrection waned, the possibility appeared of substituting civil for military government, and in 1900 President McKinley sent to the Islands a commission of five, headed by the Hon. William H. Taft, of Ohio, conferring upon this commission legislative powers, and instructing it to establish and extend civil government as opportunity afforded

On the 4th day of July, 1901, by order of the President, the office of Military Governor of the Philippines was abolished, and the executive authority in civil affairs was conferred upon Mr. Taft, with the title of Civil Governor of the Philippine Islands, a title which was later changed to that of Governor-General. The bureaus and offices of the Government were grouped in four executive departments, called, respectively, the Department of the Interior, the Department of Finance and Justice, the Department of Commerce and Police, and the Department of Public Instruction. One of the Commissioners was appointed chief of each of these executive departments, with the title of Secretary. Later, the Commission was increased to nine members, by the appointment of three Filipinos in 1901 and a fourth in 1908; since 1908 it has consisted of the Governor-General, as presiding officer, four Commissioners, who are also heads of executive departments, and four Commissioners without portfolios. For several years the Secretaryship of Finance and Justice has been held by a Filipino, and one of the Commissioners without portfolio has been an American. The proportion of Americans to Filipinos has remained five to four. The Governor-General, members of the Commission, and heads of executive departments are appointed by the President, by and with the advice and consent of the Senate. The Commission had sole legislative powers until October, 1907.

The Act of Congress of July 1, 1902, commonly called "the Philippines Bill," provided for the institution, after certain preliminaries, of the Philippine Legislature, to consist of the Commission and the Assembly, the latter to be composed of members elected by the people of the Philippine Islands. From the organization of this Legislature, it was to supplant the Commission as the legislative body in that part of the Islands not inhabited by Moros or other non-Christian tribes. The excepted territory was left under the exclusive jurisdiction of the Commission, and was not to participate in the election of the Assembly. The Philippines Bill provided against the possibility of the paralyzation of government by disagreement between the two Houses, by a clause to the effect that if the Legislature should adjourn without passing appropriation bills for the support of government the total amount of the last appropriations for such purposes should be deemed to be appropriated.

The first Philippine Legislature was convened and organized on the 16th day of October, 1907, and the Assembly has since consisted of 80 and 81 members, all Filipinos, elected by the people of Manila and the provinces. The Legislature has met annually in regular session, and occasionally, at the call of the Governor-General, in special session.

Mr. Jones's speech of January 28, entitled by him "Misgovernment in the Philippines and Cost to the United States of American Occupation," was addressed to the House of Representatives sitting in Committee of the Whole for the consideration of the fortification appropriation bill. The fact, disclosed by the record, that time for its delivery had been secured some days beforehand negatives the possibility of attributing the inaccuracies of the speech to lack of preparation.

The speech opens with criticism of President Taft for presuming to oppose the pending "Jones Bill" for the abandonment of the Philippine Islands. Referring to a reported statement of the President that the self-governing colonies of Great Britain afford examples for the future relations of the Philippine Islands to the United States, Mr. Jones asserts that, while the people of Australia and Canada are virtually free and independent, the American government of the Filipinos "is an oligarchy of the most intolerable, despotic, and unrestricted character," an "irresponsible and odious autocracy." In support of this unpleasant allegation Mr. Jones marshals a host of misstatements. He charges me and my associates of the Commission with causing the failure of the annual appropriations for the support of government by insisting upon extravagant and selfish provisions which the Assembly could not accept. He insinuates that the Commission intentionally provoked the deadlocks in order to cheat the Assembly of its share in the control of the revenues; and alleges that I have expended the public funds arbitrarily and extravagantly, in violation of law and in disregard of the wishes and interests of the people, and that I and the Commission have not only squandered the revenues, but have misused the gold-standard fund and the congressional donation of 1903. He asserts that Baguio, the hill station of the Islands, is a pleasure resort maintained for the sole benefit of American officials with public funds and in disregard of the needs and wishes of the Filipinos. He accuses American officials of grafting and me of protecting them and continuing them in office after their guilt had been proven. He says that Army and Navy officers and the Americans in Insular service are insincere and untrustworthy and willing to betray the interests of the Filipinos to advance their own interests and "hold their jobs." I shall quote many of these allegations of Mr. Jones's and reply to them. The rest of his speech, with which I have no present concern, consists of an effort to show that the occupation and retention of the Philippine Islands have imposed upon the United States a greatly increased burden of military and naval expenditure.

Several Representatives took issue with Mr. Jones, notably the

late Mr. Olmsted, of Pennsylvania, Mr. Sherley, of Kentucky, and Mr. Redfield, of New York, the two last named from the Democratic side. To these defenders Mr. Jones replied in his speech of February 13 to which he gives the unhappy title "The Truth as to Conditions in the Philippines." As the second speech is substantially a repetition of the former charges, I shall quote from it only one brief paragraph.

For greater convenience, I shall present the case in parallel columns—on the left Mr. Jones's statements, and opposite each a recital of the true facts, with my comment. The quotations are from the Congressional Record. The first reference is to the matter of general appropriations for the support of the Insular Government.

MR. JONES SAYS:

THESE ARE THE FACTS:

"Twice has the legislature failed to pass these supply bills. One of the causes for the disagreements which led to the deadlock between the two branches of the Legislature and which resulted in these failures to pass appropriation bills was that the Assembly insisted that the salaries of the members of the Commission, who were also heads of executive departments, should be so reduced as to make them more nearly correspond to those received by members of the American Cabinet."

The first deadlock resulting in failure to pass a "supply bill" occurred in the legislative session of 1910-1911. In that session each House of the Legislature passed its own appropriation bill, and the disagreement resulted from the failure of the conference committee to reconcile the differences in the two bills. The bill which originated in the Assembly and passed that House continued the salaries of the Commissioners who were also heads of executive departments at \$15,500, the same amount which was provided in the bill passed by the Commission, and the same amount that had constantly appeared in appropriation bills since it was fixed by President McKinley in 1901.

The legislative session of 1911-1912 again resulted in the failure of the two Houses to agree upon a general appropriation bill for the support of the Government, but in this session the bill passed by the Assembly and that approved by the Commission again fixed the salaries in question at \$15,500. It is obvious that the failure of the two Houses to agree could hardly have been due to an item upon which both were in accord, and which was identical in both bills.

Before the first deadlock occurred, the Legislature had enacted three annual appropriation bills for the support of the Government, the Assembly concurring necessarily in all three (Acts Nos. 1873, 1895, and 1899). Each of these laws fixed the salaries of the commissioners who were heads of departments at \$15,500. The only alteration of legislators' perquisites since the institution of the Philippine Assembly is by Act No. 1803, the third law passed by the Legislature, which increased the salaries of members of the Assembly from \$10 to \$15 per diem, provided a salary of \$8,000 for the speaker of the Assembly, and made these increased salaries effective from the date of the organization of the Assembly.

"But the chief cause of disagreement was the insistence of the Commission upon the right which it claimed to appropriate large sums of money out of the public revenues of the Insular Treasury, to be expended upon what is known as the Benguet Road, without the concurrence and despite the earnest opposition of the other coördinate branch of the Legislature * * *."

In each session of the Legislature which resulted in disagreement as to appropriations, the Commission passed a general appropriation bill, which was submitted to the Assembly. In neither case did this bill, as approved by the Commission, contain any provision whatever for expenditure upon the Benguet Road, nor has the Commission in either of these sessions proposed an amendment for such purpose to the Assembly appropriation bill. Just as the disagreement cannot have been caused by the item of Commissioners' salaries, which was identical in the Assembly bill and the Commission bill, so it cannot have been caused by an item which was absent from both bills.

In 1908 and 1909 the general appropriation laws passed by the Legislature include among the purposes of the allotment to the Bureau of Public Works "the maintenance and betterment of the Benguet Road." The appropriation bill passed in 1910 did not contain this provi-

sion, which had been eliminated at my instance when I became Governor-General. Since 1909, and since I have been Chief Executive of the Islands, the requirements of the Benguet Road have never been urged nor proposed by the Commission to the Assembly, but have been met by appropriations made by the Commission in its exclusive legislative capacity, as the road is in non-Christian territory. Since the Assembly was instituted, it has never disapproved an appropriation for the Benguet Road proposed by the Commission.

Both of the causes assigned by Mr. Jones for the failure of appropriation bills are untrue, as Mr. Jones well knew if he examined the records of the Philippine Legislature.

"It was these disagreements between the Commission and the Assembly that resulted in the nonpassage of the annual supply bills of which I have spoken, and I believe that every liberty-loving and right-thinking American citizen, when he comes to understand their motives, will applaud Speaker Osmeña and his legislative associates for the courage and patriotism which they thus twice displayed."

The political parties in the Philippines have had for some years no sharply defined issues. Contestants for seats in the Assembly have frequently made their campaigns upon charges of governmental extravagance, and pledges that they would devote themselves to lessening public expenditures. Delegates elected upon such a platform seem usually to find their conspicuous opportunity for redeeming their preëlection pledge of economy when the annual appropriation bill is under consideration. Frequently they have supported, and sometimes passed, special appropriation bills carrying in the aggregate a far greater amount than they proposed to save in the general bill. For example, in the year from March 1, 1910, to March 1, 1911, the Assembly originated and passed special appropriation bills aggregating \$6,474,403.75, besides bills involving undetermined expense. Some of these bills became laws by the concurrence of the Commission. But these

special appropriations, presented and acted upon singly, attract little public attention; and, notwithstanding the increased revenues and increased needs of the Government, many of the delegates, having charged extravagance, insist that the general appropriation must be less than that of preceding years. Probably they are the more obdurate because of their reliance upon the provision of the Philippines Bill which insures that in case of a deadlock the total amount of the last appropriation laws shall become available, so that without serious risk to the continuance of the Government they may pose before their constituents as champions of retrenchment frustrated by the obstinacy of the Commission.

Another cause for the failure to pass supply bills has been the practice of the Assembly to send its bill to the Commission on the day of adjournment, thus allowing no opportunity even to translate the bill into English, to say nothing of opportunity to study its provisions. The lack of time makes it impossible to effect, by conference or compromise, a reconciliation of the differences of opinion of the two Houses. The Commission has tried to meet this difficulty by preparing its own appropriation bill and sending it to the Assembly when the session was drawing near its close and it became apparent that the lower House would not send up its own bill in time for due examination; but the Assembly has declined even to consider any such measure originating in the Commission, jealously insisting upon a pretended sole privilege, quite without warrant in law, of initiating bills of appropriation.

These are the real causes for the failure of the supply bills on the two occasions to which Mr. Jones refers.

"Whether or not the Commission deliberately planned to bring about this unfortunate condition of affairs in order to deprive the Filipinos of any control over their revenues, the result has been the same. Acting under the authority of the provision of law which I have just quoted, the Governor-General has ordered the appropriation of a sum equal to the total appropriations made in the previous year for the support of the Government."

The "provision of law" to which Mr. Jones refers is found in section 7 of the Act of Congress of July 1, 1902 (the Philippines Bill), and reads as follows:

"If at the termination of any session the appropriations necessary for the support of government shall not have been made, an amount equal to the sums appropriated in the last appropriation bills for such purposes shall be deemed to be appropriated; and until the Legislature shall act in such behalf the Treasurer may, with the advice of the Governor-General, make the payments necessary for the purposes aforesaid."

It was Congress—not the Governor-General—that ordered the appropriation and provided how its total amount should be determined. The function of the Governor-General is limited to advising the payments after the appropriation is made available. I could not, if I wished, prevent the appropriation, and I could not increase its aggregate amount over the total carried by the last appropriation bills for like purposes.

Mr. Jones has sought to fix upon the Governor-General a responsibility which belongs to Congress, and to give an impression of arbitrary action where, in fact, as he must have known, there was no action whatever.

"Having thus gotten into his hands more than \$12,000,000 in 1911 and a little less than \$14-

The last appropriation bill passed by the Philippine Legislature was Act No. 1989, which provided, for the support of the Government for the fiscal year ending

000,000 in 1912 of the public revenues of the Filipino people,"

June 30, 1911, a total of \$8,713,894. Under the Act of Congress above quoted, this was the sum "deemed to be appropriated" upon the adjournment of the Legislature in 1911, and the total amount of my letter of advice to the Treasurer in 1911 was exactly \$8,713,894. Mr. Jones has exaggerated in this instance to the extent of something more than \$3,000,000.

In 1912 I was in the United States on leave of absence, and the letter of advice to the Treasurer in this year was issued by the Acting Governor-General, Newton W. Gilbert. As the Legislature had not acted in the meantime, the amount "deemed to be appropriated" was again \$8,713,894. The letter of advice of the Acting Governor-General to the Treasurer in 1912 authorized payments to a total of \$8,625,496.50. Mr. Jones's figures for 1912 are incorrect to the extent of about \$5,000,000.

Mr. Jones has apparently based his extravagant misstatements upon the total expenditures of the Insular Government for 1911 and 1912, neglecting to show that a great part of these expenditures was authorized, not by the automatic appropriation and the letters of advice, but by specific acts of the Legislature and fixed charges. While the Legislature had failed to pass general appropriation bills, it had enacted many laws carrying special appropriations, such as, for example, the appropriation in 1911 of \$2,677,250 for public works. The Treasurer continued to pay out large amounts for fixed charges authorized by existing law, such as interest on the public debt, guaranteed interest on railway bonds, sinking-fund payments, and for payments under continuing appropriations made by the Legislature in previous sessions.

"the Governor-General proceeded to spend these large sums according to his own will, and as in his sole judgment seemed desirable, and with an utter disregard for the purposes for which the prior legislative appropriations had been made. Is there, I ask, a Representative upon this floor who, after reading the law under which Governor Forbes is supposed to have acted, will not denounce his actions as both arbitrary and illegal? Many an official has been impeached for less than this."

It is true that I exercised my own will and judgment in the application of the \$8,713,894 (not \$12,000,000 or \$14,000,000). The Act of Congress required me to do so, and I could not, if I would, escape the responsibility; but that I acted "with utter disregard" of the purposes of the prior legislative appropriations is merely one of Mr. Jones's reckless misstatements. The table, Appendix A, shows the distribution of the total appropriations under the last appropriation act of the Legislature and under the Governor-General's letter of advice in 1911.

It appears that the total variation in the letter of advice of 1911 amounted to \$13,500, or three-twentieths of 1 per cent. In view of the necessarily changing requirements of various bureaus from year to year, a deviation of three-twentieths of 1 per cent can hardly be termed "utter disregard" of the legislative apportionment of the previous year. It would seem that Mr. Jones, in making his accusation, must have neglected to take the simple precaution of looking into the records.

Mr. Jones denounces me for the allotments of both 1911 and 1912, notwithstanding the fact that the letter of advice to the Treasurer in 1912 was issued by Acting Governor-General Gilbert in my absence. Of course, the principle involved is the same, regardless of the individual who acted; but a prudent and well-informed accuser, acting in good faith, would hardly have specified the act of Mr. Gilbert as a ground for the suggested impeachment of Mr. Forbes.

"Baguio and the Benguet Road were, of course, liberally pro-

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In these allotments "Baguio and the Benguet Road" were not provided for at all. There is no allotment for these pur-

vided for, new offices were created, and the salaries of existing offices increased."

"It is needless to say that the salaries of the heads of executive departments were not decreased."

"It is asserted by a former member of the Commission that there were as many as 123 new offices thus created, among them a secretary to the Governor-General at an annual salary of \$4,500,"

poses in the letter of advice to the Treasurer either in 1911 or 1912.

No new "offices" were created, although certain new *employments* were authorized. Some salaries were increased and some reduced. These points will be further explained in another connection. Mr. Jones carefully refrained from showing, as is the fact, that the changes in the personnel and salaries effected by the letters of advice to the Treasurer did not increase the total appropriation. Whatever additional expenses were made by these changes were offset by economies and reductions in other items.

If I had decreased the salaries of heads of executive departments from those fixed in the last annual appropriation law, Mr. Jones would doubtless have cited such deviation in support of his charge of "utter disregard" of the previous expressed purposes of the Legislature. It should be borne in mind that the Assembly appropriation bills which failed of passage did not decrease these salaries.

I was advised, when the question arose, that "offices" were those positions in the Government service whose duties are prescribed by law. I neither created nor abolished any of the offices so defined. I did, however, authorize additional employees in various bureaus, and certain rearrangements of personnel, so that the net increase in the number of employees was approximately the number that Mr. Jones states. Under the civil-service law of the Philippine Islands the Governor-General is authorized to make certain changes of employments, consolidating or dividing positions, and readjusting the proportions of employees of different grades

within the bureaus. Thus, for example, he may substitute for an American at an annual salary of \$2,000 two Filipinos at \$1,200 and \$800. During every fiscal year many such changes are effected upon recommendations of bureau chiefs. Moreover, in a new and constantly developing government it transpires from year to year that additional employees are needed, and every annual appropriation bill makes provision for such changes, upon recommendation of the bureau chiefs concerned. In my letter of advice to the Treasurer in 1911, I authorized many changes in personnel, some under the provisions of the civil-service law, and some under authority of section 7 of the Philippines Bill, above quoted, as they would doubtless have been made in the appropriation bill, if passed by the Legislature. The creation of 123 new employments in a total of 6,734 employees of the Insular Government—or less than 2 per cent—hardly seems startling enough to justify the amazement and indignation manifested by Mr. Jones.

It is true that I established the new position of secretary to the Governor-General, although the salary is \$4,000 and not \$4,500 as asserted by Mr. Jones's informant. The rate of salary was fixed at my request by the Vice-Governor and the Insular Auditor. Under previous appropriation bills I had been allowed a private secretary at a salary of \$2,500, and had employed additional secretaries at my own expense for the proper discharge of the duties imposed upon me by law. While I personally was willing to bear this expense, it seemed to me just to my successors in office to establish the precedent of providing at public cost a sufficient personal staff for the due performance

of the duties of the office of Governor-General. Having established the precedent, I left the old position of private secretary vacant, so the increased expense by the creation of the new position was only \$1,500 per annum.

"and it is a most amazing and stupendous fact that the expenditures on account of bureaus and offices for the fiscal year ending June 30, 1912, were \$9,638,369.80 as against \$8,318,051.56 for the next preceding year, the excess being a mere bagatelle of \$1,320,318.24 in gold. A people whose self-restraint is equal to orderly and peaceful submission to acts of tyranny and oppression such as these are surely capable of governing themselves."

"In pursuing this arbitrary and, as I charge, absolutely illegal course the Governor-General acted, at least, so far as is publicly known, without legal advice, although not himself a lawyer. He consulted neither the

There would be nothing "amazing and stupendous" about this if it were a fact, which it is not. The chairman of the Committee on Insular Affairs is apparently unable to distinguish between expenditure and appropriation. The general appropriations for the two years referred to were exactly the same, as has been shown. Some bureaus, however, are maintained wholly or partly by their own earnings; and for this reason, with others, the total expenditures of bureaus and offices in successive years may increase or decrease, although the appropriation remains constant. Mr. Jones's figure of \$9,638,369.80 appears to be taken from the Insular Auditor's Annual Report for 1912, and is the total net expenditure under Schedule No. 1 "Bureaus and offices" and Schedule No. 2 "Capital operation accounts." But the comparable amount for the next preceding year, as shown by the Auditor's report, is \$8,780,169.69, instead of the sum Mr. Jones names, which I cannot identify. By a little juggling with figures Mr. Jones has padded his point by 54 per cent.

I certainly did not act without legal advice. I acted by the advice of the Insular Auditor, a lawyer, and of the Secretary of War, Hon. Jacob M. Dickinson, a lawyer, and, as it happens, a Democrat. I did not consult the Attorney-General, nor his subordinate, the Solicitor-General, because the law directed me to other counselors whose opinions in this matter were

Solicitor-General nor the Attorney-General of the Islands, and, as I am informed, these legal advisers of the Government did not agree with the Governor-General in his construction of the law or approve his action.

"* * * Whether or not the Filipinos are capable of self-government, I question the right of Governor-General Forbes to longer govern them."

controlling. The Attorney-General and Solicitor-General have never expressed the opinion that Mr. Jones attributes to them.

Under Act 1792, known as the "Accounting Act," the Auditor of the Philippine Islands is made the arbiter of questions involving the expenditure of public money. His ruling, when sustained by the Governor-General, is final. The Auditor of the Philippine Islands is not appointed by the Governor-General, but by the President of the United States, and the Governor-General, as well as any other official of the Philippines Government, is bound by the ruling of the Auditor, unless reversed by the Secretary of War. The Supreme Court of the Philippines has so held in the recent case of *Lamb vs. Phipps* (vol. 22, Phil. Repts., at p. 477).

Upon the failure of the Legislature to provide for the support of the Government in the fiscal year ending June 30, 1912, I at first intended to follow exactly the provisions of the last appropriation act, as this could have been done without great inconvenience to the Government. But the Auditor, of his own motion, in an opinion dated October 5, 1911, advised me that section 7 of the Philippines Bill, above quoted, gave me the power to distribute at my own discretion, within certain limits, the total appropriation available. It had become apparent to me that if the Legislature should continue to disagree, changes in conditions might make the allotment of Act 1989 quite unsuitable, and that the establishment of a precedent, as well as the present convenience of the Government, made it advisable for me to exercise the power, if I had it, of making changes in the distribution of the total sum automatically reappropriated. Not

being a lawyer, and desiring to use every safeguard afforded me by the law, I submitted this opinion of the Auditor to the Secretary of War, who instructed me to follow the decision of the United States district court for Porto Rico upon a similar question. This decision, in the case of *Navarro vs. Post*, governor of Porto Rico, interprets an Act of Congress providing for failure of the Porto Rican Legislature to pass appropriation bills, which is substantially identical with the analogous provision of the Philippines Bill. The decision of the Federal court in Porto Rico, which, I am informed, is the only judicial determination of the point, fully supports the ruling of the Auditor of the Philippine Islands and my action based thereon.

"Whenever attention is directed to acts such as these on the part of the Government which we have set up in the Philippines, the reply has always been glibly made, as if that were sufficient in itself to disarm criticism and forever silence all complaint, that within the past ten years public schools have greatly multiplied in the Philippines; that the inhabitants of the Islands have made wonderful progress in the acquisition of knowledge of various kinds; that sanitary conditions have improved; and that many important public works have been inaugu-

The charge of waste and extravagance is in general terms. Meeting it in the same way, I deny it absolutely; I say that the American administration of the Philippine Islands has been economical and careful and that the proportion of benefits to expenditure has been high; I challenge comparison of the Philippine Islands with any government, whether in the United States or elsewhere. The conclusive reason why Mr. Jones gives neither facts nor figures is that there are none to support his charge. Unless the falsehood was intentional, his obsession has led him into his accusation of waste and extravagance without even a cursory investigation.

Mr. Jones grudgingly admits that the Philippines have made great progress; I shall attach as Appendix B a table prepared for another purpose which shows graphically something of this progress. During the period of this advance all the current expenses of government as

rated as a result of our beneficent rule. The Filipino who does not accept this reply as conclusive of the question is frequently denounced as an ingrate. Indeed, his failure to accept such reasoning as conclusive is cited as evidence of his incapacity for self-government. Nobody denies these things. Nobody denies that there has been great educational and material progress in the Philippines. I will even admit, for it is a fact, that the parcel post was in the Philippines before Congress could be convinced that it was not too expensive to be thought of for the farmers of the United States. But it must not be forgotten that every dollar of the money contributed for these purposes came out of the pockets of the Filipinos. Nor must it be forgotten that much of it, as I have shown, was needlessly and shamefully wasted, and that the benefits derived from its expenditure, even in those cases where the expenditure was proper, have rarely, if ever, been commensurate with the cost. * * *

well as the cost of important permanent improvements have been met from the current revenues. In the fiscal year 1912 the total revenues of the Philippine Islands—Insular, provincial, and municipal—amounted to \$2.28 per capita of the estimated population. The fact of governmental work well done with a per capita tax of \$2.28 is, in itself, convincing proof of economical administration. The revenues of Japan for 1912, excluding profits from Government monopolies, were \$4.85 per capita. The revenues of the United States (Federal only) for 1912, as compiled by the Department of Commerce and Labor, were \$7.25 per capita; Canada, 1912, \$18.89 per capita; Cuba, 1911, \$21.53 per capita. The budget of New York City for 1912 shows an expenditure of \$34.37 per capita, and the interest on the city's bonded debt amounted to \$6.87 per capita.

"When the opportunity is afforded me I shall undertake to give this House some idea as to what extent the Government we have imposed upon the Filipinos has been extravagant and wasteful."

"This reckless extravagance and studied disregard for the interests of the poor and defenseless Filipinos has led, as might have been expected, to a deficit, or perhaps, it would be more accurate to say a deficit was only averted during the past fiscal year by the transference of \$1,698,513.82 from the gold-standard fund to the general funds in the Treasury. Unless, therefore, great reduction in expenditures is made during the year 1913 there will be a very large deficit, for I cannot believe that the Commission will again invade the gold-standard fund, although I confess that I am prepared for anything it may do."

The financial statement for the fiscal year ending June 30, 1912, is contained in Appendix C. The appropriations for this fiscal year were not fixed either by myself or by the Commission, but by Congress and the Legislature. As has been shown, the general appropriation for support of the Government was the same as that fixed by the Legislature for the previous year, and this by virtue of section 7 of the Philippines Bill. Although the Legislature failed to pass the annual supply bill, it did enact in the session of 1910-11, a number of bills covering special appropriations, and, notably, two bills which authorized the expenditure of \$2,677,250 for public works. This appropriation for public works was in excess of the amount then expected to be available for the purpose from the revenues for the year 1912. The bills therefore provided that the amount appropriated should be available only as released by the Governor-General. It so happened that revenues for the fiscal year 1912 were greater than had been estimated, and this fact, together with the transfer to the General Treasury of the surplus lying idle in the gold-standard fund, made it possible for me to release during the year a great part of the amount appropriated for public works without causing a deficit. If the transfer from the gold-standard fund had

not been made, I should have been obliged to withhold a corresponding amount from public works; but in any event there would have been no deficit.

The transfer of \$1,698,513.82 from the gold-standard fund to the general funds was not made by the Commission as Mr. Jones implies, nor by me, but by Act No. 2083 of the Philippine Legislature, with, of course, the concurrence of the Assembly. The transfer was suggested by the Secretary of War, and was in no sense an invasion of the gold-standard fund, which is still maintained intact at the figure provided by law and deemed sufficient to support the Insular currency. During several years the earnings of the fund had accumulated a surplus above the amount necessary and required for this purpose, and it was this surplus lying idle while the Philippines needed roads and other public works, which was transferred to the General Treasury and made available for useful purposes.

As to the financial operations of the fiscal year 1913, the Treasury had a surplus of \$790,855 at the close of the year, despite an unexpected loss of revenue in the last six months of over \$1,500,000, and notwithstanding several unusually large appropriations by the Legislature for special purposes.

"For the Commission has not in the past hesitated to lay its hands upon a, if anything, more sacred fund than this. * * *

"The President said in New York that the Phil-

The "sacred fund" to which Mr. Jones refers is the sum of \$3,000,000 appropriated by Congress in the Act of March 3, 1903, as follows: "For the relief of the distress in the Philippine Islands, to be expended under the direction and in the discretion of the Philippine Government in such proportions as they deem wise,

ippines have cost the United States to date only \$3,000,000 for civil expenses, and that this money was appropriated to save them from starvation. Well do I remember that Congress donated this money to save the famishing Filipinos from starvation, but does President Taft know that a considerable part of it was expended on the Benguet automobile road, of which I have spoken? The act of Congress declared that the money should be expended 'for the relief of distress in the Philippine Islands.' In the estimation of the Commission these starving Filipinos stood more in need of an automobile road than of the rice to purchase which the American people in their generosity gave this money."

in the direct purchase and distribution or sale of farm implements, farm animals, supplies, and necessities of life, and through the employment of labor in the construction of Government wagon roads, and other public works, to be immediately available, three million dollars." The Commission did not "hesitate to lay its hands upon" this fund because Congress had specifically imposed upon it the duty of disbursing the money. In the exercise of its discretion, the Commission found that, except in cases of emergency, the money might be more wisely expended upon the construction of useful public works, which should give employment in distressed districts, than in direct gifts of food and other necessities. The Commission constructed roads with this money, and applied a part of it to the construction of the Benguet Road, not because it believed that the people stood more in need of roads than of rice, but because this method provided both the roads and the rice. It does not appear that any distress or suffering in the Philippine Islands has been unrelieved by the reason of the employment of a great part of this relief fund upon useful public works instead of in direct charity.

Mr. Jones, by occasional reference to my name, has let the impression be given that I am responsible, or at least share in the responsibility, for all the acts and omissions which he criticizes. In the expenditure of the congressional relief fund I personally have had a very small part. When I first came to the Islands in 1904, there remained of this three million dollar fund only \$444,614.76; and when I became Governor-General in 1909 all of the fund had been expended. I would not have it inferred from this

explanation, however, that I disapprove the method of application of the congressional relief fund.

"But at the proper time and in due season those who are responsible for conditions in the Philippines will have graver charges than these to answer. I predict, for instance, that somebody will be required to explain why it was that three prominent American officials of the city of Manila were not removed from office as was recommended by the committee appointed to investigate the grafting charges preferred against them. Some of their subordinates were prosecuted and convicted; but, notwithstanding the findings and recommendations of a committee of investigation, one of whom was Solicitor-General Harvey and another General Bandholtz, Chief of the Constabulary, their superiors have escaped all punishment and two of them are still enjoying the salaries of their lucrative offices. The third has since been removed from office for usury and extortion. * * *

The only grafting charges against the three American officials whose conduct was investigated were preferred by editorial articles in a Manila weekly paper. These publications brought about a criminal prosecution of the editor of the paper, who published, on April 19, 1913, a full editorial retraction, and thereafter pleaded guilty to the criminal charge of libel and paid the fine imposed upon him by the court. It is true that some of the subordinates of the three American officials were prosecuted, but it is not true that they were convicted. As a matter of fact, they were acquitted by the court. As to the higher officials referred to, the ruling in one case was made by me, and in the other two, during my absence from the Philippines, by the Acting Governor-General. The committee on which Solicitor-General Harvey and General Bandholtz served found all three officials guiltless of dishonesty or grafting. It recommended, after an ex parte investigation, that the resignations of two of the three be accepted and the duties of the third somewhat changed, and these recommendations were based upon a supposed loss of public confidence, evidenced chiefly by the libelous articles subsequently retracted. Upon a full and fair hearing the charges collapsed and the three officials were completely vindicated.

Mr. Jones's misrepresentation as to this matter can hardly be other than malicious. In getting the details which he gives he must have got some, at least, of the essential facts, and these he has suppressed or falsified in order that he might charge

"I asserted in the speech which I delivered on the 28th of January last that three prominent American officials had been charged with graft, had been found guilty by a board appointed to investigate the charges, and yet had been shielded from punishment. Has any denial of this serious charge been made by anybody here or elsewhere?" (Speech of Hon. William A. Jones in the House of Representatives on February 13, 1913. Congressional Record, page 3456.)

I believe I have quoted enough of Mr. Jones's misstatements to prove his unreliability. Many errors and inaccuracies I have not noticed. But, lest my silence might be misunderstood, I must advert briefly to the establishment and maintenance of Baguio and the Benguet Road, which Mr. Jones calls "inexcusable expenditures." The provision of a "hill station" in a tropical country requires no argument for its justification. Throughout the Tropics no civilized government, whether independent or colonial, has failed to give its people, if possible, facilities for resorting to the mountains for the recuperation which is afforded by changes of season in the Temperate Zones. I consider the development of Baguio, 5,000 feet above the sea, in the pine forests of Benguet, one of the most notable achievements of American administration in the Philippine Islands, and I may say this the more freely because the project was decided upon and construction well under way before I entered the Insular service.

The Benguet Road is the highway into the mountains built by the Government to provide convenient access to the city of Baguio and the Province of Benguet. It cost a great deal of money and its upkeep is expensive, and there has been criticism on this account from Filipinos and from Americans. We know now that another

route would have been cheaper both in construction and in maintenance. But we have learned a great deal about the relation of tropical rainfall to road building since we built the Benguet Road; engineers, then believed to be expert, reported that the road could be completed for a moderate sum, and when the mistake became apparent the investment was too considerable to be abandoned. Baguio, which Mr. Jones calls "a residential park," has a population of 3,500 throughout the year, increasing to 8,000 during the hot season of the lowlands. It is the market place for many thousands of people of the Province of Benguet. It contains schools, charitable institutions, hospitals, and a recuperation camp of the Army. In March, April, and May, when the heat of Manila lowers the vitality and lessens the efficiency even of the natives, the Government sends to Baguio 860 employees of whom 620 are Filipinos. It has been found that the expense of this partial transfer of the seat of government is fully repaid in increase of efficiency and betterment of health of employees and in decreasing the need of vacations. The "handsome homes" of American officials, to which Mr. Jones refers, are seven, and, excepting my own residence, their average value is \$3,175. Americans, Filipinos, and Europeans, not in Government service, resort to Baguio during the hot months, every year in increasing numbers. The Government automobile stages during the "season" of 1913 carried over the Benguet Road 22,000 passengers. The Manila Railroad Company is spending \$2,000,000 to build a branch line to Baguio, of which 70 per cent of the grading is already completed.

There remain to be considered the documents which Mr. Jones has printed in support of his speech and to which he refers as authorities. These are newspaper interviews of Charles B. Elliott and Dr. John R. McDill, and letters of Charles B. Elliott, L. M. Southworth, and Wm. S. Lyon. Mr. Elliott is ex-Secretary of Commerce and Police; President Taft requested his resignation upon my representation that his character and services were unsatisfactory. Mr. Lyon was once an official of the Bureau of Agriculture. Mr. Southworth has been prosecuting attorney of the city of Manila; I thought best to disappoint him in his aspirations for advancement, and he has recently suffered further disappointment in his ambition to serve on the Philippine Commission, or the Supreme Court, or somewhere; Dr. John R. McDill has been chief surgeon of the Philippine General Hospital and professor in the Philippine Medical College; his separation from the service was not of his own volition. All these witnesses have personal grievances and resentments which affect their credibility.

Mr. Jones has been a willing and credulous listener to these sore-heads. Obviously his whole purpose has been to discredit the Philippines Government, and in its furtherance he has accepted and used anything injurious that offered, testing his material not for truth, but for effect. His misrepresentations are plainly malicious, for he has made them either knowing the truth or deliberately avoiding its knowledge.

I know that there are Americans who believe with Mr. Jones that, whatever fate may befall the Filipinos, the United States would be justified, for its own interests, in abandoning the Philippine Islands and thus escaping a responsibility. There are some, no doubt, who agree with him that the Filipinos are entirely capable of maintaining, unaided by us, a satisfactory government. But I think he will have scant success in his effort to persuade hard-headed Americans that they, who lead the world in industrial enterprises, are incompetent to manage a governmental enterprise. And I believe that even those who support his cause must condemn his effort to advance it by an unpatriotic and unwarranted assault upon the good names of the Americans who represent their country in the Government of the Philippine Islands.

W. Cameron Forbes

MANILA, August 1, 1913.

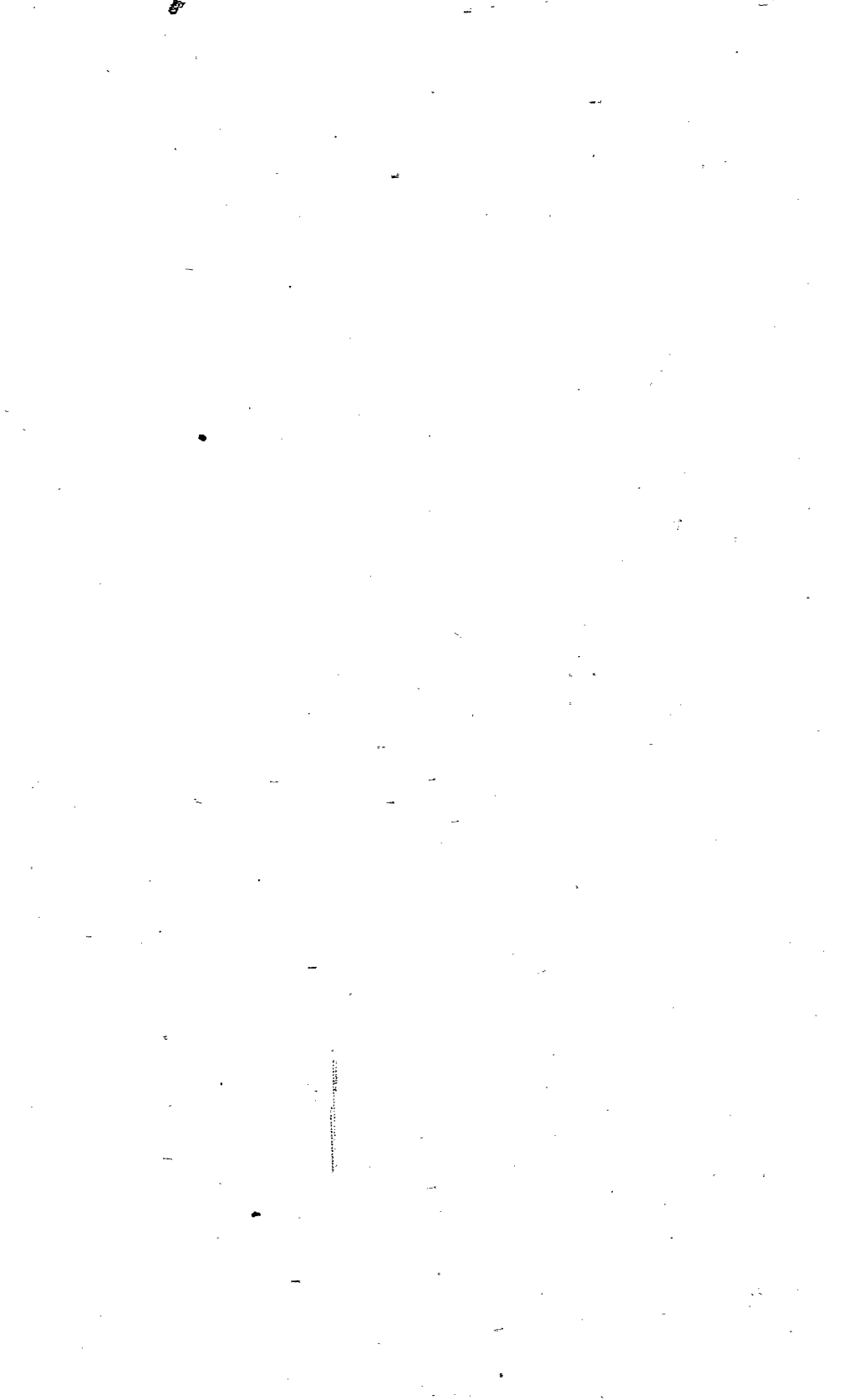
APPENDIX A

COMPARATIVE STATEMENT OF DISTRIBUTION UNDER ACT No. 1989 AND UNDER LETTER OF ADVICE OF GOVERNOR-GENERAL FOR 1911

	Act 1989.*	Letter of advice.	Differences.	
Commission	\$63,600	\$63,600		
Assembly	225,000	225,000		
Private secretaries	4,500	1,500		\$3,000
Executive	82,000	86,000	\$4,000	
Executive Bureau	265,000	265,000		
Bureau of Audits	178,500	178,500		
Bureau of Civil Service	38,500	38,500		
Bureau of Health	708,500	708,500		
Bureau of Lands	324,000	324,000		
Bureau of Science	170,000	170,000		
Bureau of Forestry	71,500	71,500		
Quarantine Service	62,500	62,500		
Weather Bureau	65,950	65,950		
Philippine Constabulary	1,225,000	1,225,000		
Bureau of Public Works	143,000	143,000		
Bureau of Navigation	641,500	641,500		
Bureau of Posts	330,000	330,000		
Coast and Geodetic Survey	100,000	100,000		
Bureau of Labor	22,000	28,500	6,500	
Consulting Architect	6,000	6,000		
Supervising Railway Expert	18,000	17,500		500
Bureau of Justice	70,000	70,000		
Bureau of Customs	380,000	380,000		
Bureau of Internal Revenue	286,000	286,000		
Bureau of the Treasury	61,500	91,500		
Bureau of Education	1,805,000	1,805,000		
Bureau of Agriculture	425,000	425,000		
Philippine Medical School	87,500	87,500		
Bureau of Prisons	298,339	298,339		
Philippine Library	28,750	28,750		
The Judiciary	448,000	448,000		
Provincial government of Mindoro	16,700	16,700		
Provincial government of Palawan	12,055	12,055		
Provincial government of Batanes	7,500	7,500		
Damages, etc	10,000			10,000
Provincial government of Samar		3,000	3,000	
General purposes	25,000	25,000		
Provincial government of Cavite	2,500	2,500		
Rate Regulation Board	2,500	2,500		
Legal services	2,500	2,500		
Total	8,713,894	8,713,894	13,500	13,500

NOTE.—A similar table expressed in Philippine currency is published in the Congressional Record of February 15, 1913, at page 3300.

* Enacted April 19, 1910—the last general appropriation act of the Philippine Legislature.



APPENDIX B

PROGRESS BAROMETER

Fiscal year is July 1 to June 30. The Tariff Law of 1909, known as the Payne Bill, was passed August 5, 1909, and went into effect sixty days thereafter. To show the effect of this Act, the statistics from July 1, 1909, are in boldface type.

TRADE WITH THE UNITED STATES

Fiscal year.	Imports from the United States.	Exports to the United States.	Total.
1899	\$1,150,613	\$3,540,894	\$4,691,507
1900	1,656,469	3,635,160	5,291,629
1901	2,666,930	2,572,021	5,238,951
1902	4,035,243	7,871,743	11,906,986
1903	3,944,082	13,863,069	17,807,141
1904	4,843,207	11,102,860	15,946,067
1905	5,839,512	15,678,875	21,518,387
1906	4,333,917	11,580,569	15,914,486
1907	5,155,478	12,082,364	17,237,842
1908	5,079,670	10,332,116	15,411,786
1909	4,693,831	10,154,087	14,847,918
1910	10,775,301	18,703,083	29,478,384
1911	19,488,658	16,716,956	26,200,614
1912	20,770,536	21,619,686	42,290,222
1913	25,387,085	19,849,374	45,236,459

TOTAL TRADE, INCLUDING THAT WITH THE UNITED STATES

Fiscal year.	Imports.		Exports.		Total customs collections.	Foreign tonnage cleared.	
	Value.	Increase (+) or decrease (—)	Value.	Increase (+) or decrease (—)		Amount.	Increase (+) or decrease (—)
		Per cent.		Per cent.			Per cent.
1899	\$13,116,567		\$14,640,162		\$3,106,380	336,550	
1900	20,601,436	+ 57	19,821,347	+ 35	5,542,289	636,034	+ 89
1901	30,276,200	+ 47	23,222,348	+ 17	8,962,813	987,094	+ 55
1902	32,029,357	+ 6	24,544,858	+ 6	8,528,938	1,104,968	+ 12
1903	32,978,445	+ 3	33,150,120	+ 35	9,540,706	1,542,200	+ 40
1904	33,221,251	+ 1	30,226,127	— 9	8,493,868	1,542,138	
1905	30,879,048	— 7	32,355,865	+ 7	8,263,444	1,417,396	— 8
1906	25,799,290	— 16	31,918,542	— 1	7,553,206	1,455,055	+ 3
1907	28,786,063	+ 12	33,721,767	+ 6	8,194,708	1,293,266	— 11
1908	30,918,745	+ 7	32,829,816	— 3	8,318,020	1,464,448	+ 13
1909	27,794,482	— 10	31,044,458	— 5	8,539,098	1,392,333	— 5
1910	37,067,630	+33	39,717,960	+28	8,286,073	1,715,268	+23
1911	49,833,722	+34	39,778,629	+ 0.2	8,678,810	1,808,308	+ 5
1912	54,549,980	+ 9	50,319,836	+26	9,363,296	1,939,079	+ 7
1913	56,827,533	+ 3	53,633,326	+ 7	8,246,026	1,868,811	— 4

COASTWISE TONNAGE CLEARED

Fiscal year.	Tonnage.	Increase (+) or decrease (-).	Fiscal year.	Tonnage.	Increase (+) or decrease (-).
		Per cent.			Per cent.
1899.....	237,852		1907.....	899,915	+ 16
1900.....	482,685	+103	1908.....	978,968	+ 9
1901.....	676,207	+ 40	1909.....	1,045,075	+ 7
1902.....	773,243	+ 14	1910.....	1,053,426	+ 1
1903.....	832,438	+ 8	1911.....	1,303,606	+24
1904.....	905,821	+ 9	1912.....	1,362,620	+ 5
1905.....	840,504	- 7	1913.....	1,325,369	- 3
1906.....	774,032	- 8			

IMPORTATIONS OF COAL (EQUAL CONSUMPTION VERY NEARLY)*

Fiscal year.	Metric tons (2,205 pounds).	Fiscal year.	Metric tons (2,205 pounds).
1899.....	30,812	1907.....	295,684
1900.....	87,238	1908.....	322,928
1901.....	126,732	1909.....	294,902
1902.....	236,332	1910.....	375,518
1903.....	268,650	1911.....	413,735
1904.....	295,716	1912.....	436,687
1905.....	269,666	1913.....	459,583
1906.....	268,577		

* The figures for coal importations are exclusive of the quantities imported from the United States by the Federal Government. These are excluded because they have been for the most part made in large quantities in alternate years, and would therefore, while considerably increasing the average total amounts imported, give a false idea of the rate of increase of the more strictly domestic consumption.

PUBLIC WORKS STATISTICS

Fiscal year.	Total mileage of roads in existence.			
	First-class roads.	Increase.	Second- class roads.	Third-class roads.
		Per cent.		
1907.....	a 303			
1908.....	423	40		
1909.....	609	44		
1910.....	764	25	b 641	b 2,074
1911.....	987	29	664	1,837
1912.....	1,143	16	c 1,342.1	1,999
1913.....	1,303	14	1,276	1,952

a b No accurate statistics before 1907 and 1910, respectively.

c Increase due to change in definition.

PUBLIC WORKS STATISTICS—Continued

Fiscal year.	Total of permanent bridges and culverts in existence.		Fiscal year.	Total of permanent bridges and culverts in existence.	
	Number.	Per cent.		Number.	Per cent.
1907.....	3,280		1911.....	4,842	11
1908.....	3,631	11	1912.....	5,181	7
1909.....	3,865	6	1913.....	5,660	9
1910.....	4,372	13			

* No accurate statistics before 1907.

Fiscal year.	Total of artesian wells in existence.		Fiscal year.	Total of artesian wells in existence.	
	Number.	Increase.		Number.	Increase.
		Per cent.			Per cent.
1905*.....	2		1910.....	322	115
1906.....	5	150	1911.....	538	67
1907.....	17	240	1912.....	684	27
1908.....	26	53	1913.....	830	21
1909.....	150	477			

* First year of artesian-well work.

Fiscal year.	Lighthouses in operation.	Fiscal year.	Lighthouses in operation.	Fiscal year.	Lighthouses in operation.
1902.....	57	1906.....	105	1910.....	143
1903.....	66	1907.....	117	1911.....	142
1904.....	76	1908.....	129	1912.....	145
1905.....	89	1909.....	139	1913.....	146

INTERNAL-REVENUE STATISTICS

Fiscal year.	Total collections.	Increase.	Fiscal year.	Total collections.	Increase (+) or decrease (-).
		Per cent.			Per cent.
1906*.....	\$4,434,364		1910.....	\$7,160,810	+22
1907.....	4,729,515	7	1911.....	7,922,787	+11
1908.....	5,542,022	17	1912.....	8,389,929	+ 6
1909.....	5,871,267	6	1913.....	9,035,922	+ 8

* First year for which statistics are available.

INTERNAL-REVENUE STATISTICS—Continued

Fiscal year.	Receipts from percentage tax on business.	Amounts of business on which percentage tax is collected.	Increase (+) or decrease (—).
			<i>Per cent.</i>
1906	\$666,996	\$200,098,983	
1907	677,847	203,354,298	+ 2
1908	643,707	193,112,160	— 5
1909	631,877	189,563,361	— 2
1910	759,718	227,915,673	+20
1911	885,804	265,741,443	+17
1912	951,775	285,532,500	+ 7
1913	1,119,476	335,842,800	+18

Fiscal year.	Cigars manufactured.		Number of cigarettes manufactured.
	Number.	Increase (+) or decrease (—).	
		<i>Per cent.</i>	
1906	168,526,079		3,530,101,594
1907	197,248,119	+ 17	3,668,349,387
1908	198,754,787	+ 1	3,846,690,706
1909	204,649,901	+ 3	4,175,635,537
1910	285,561,328	+39	4,173,507,249
1911	228,251,291	—20	4,094,023,988
1912	284,918,845	+25	4,404,929,808
1913	305,651,429	+ 7	4,500,771,926

BANKING

Fiscal year.	Total resources of commercial banks.	Increase (+) or decrease (—).	Fiscal year.	Total resources of commercial banks.	Increase (+) or decrease (—).
		<i>Per cent.</i>			<i>Per cent.</i>
1906	\$15,351,690		1910	\$22,856,455	+26
1907	17,054,368	+11	1911	24,557,697	+ 7
1908	17,454,214	+ 2	1912	35,885,728	+46
1909	18,138,425	+ 4	1913*	31,210,177	—13

*On March 31, 1913.

POST-OFFICE AND TELEGRAPH STATISTICS

Fiscal year.	Money orders sold.		Postage receipts.	Telegraph receipts.	
	Amount.	Increase (+) or decrease (-).		Amount.	Increase (+) or decrease (-).
		<i>Per cent.</i>			
1900	\$1,526,310		\$117,848		
1901	1,514,435	- 1	122,833		
1902	1,854,927	+ 22	126,375		
1903	2,842,587	+ 53	132,445		
1904	3,102,406	+ 9	121,714		
1905	3,444,953	+ 11	121,648		
1906	3,687,127	+ 7	198,583	*\$56,351	
1907	3,229,446	- 12	198,546	118,360	+ 110
1908	3,645,123	+ 13	220,306	136,138	+ 15
1909	4,008,678	+ 10	245,482	139,208	+ 2
1910	4,890,835	+ 22	282,317	168,402	+ 21
1911	6,132,552	+ 25	313,549	184,555	+ 9
1912	7,425,173	+ 21	349,407	236,679	+ 28
1913	8,272,558	+ 11	380,942	283,305	+ 20

* First year for which statistics are available.

NUMBER OF MILES OF COAST SURVEYED

Fiscal year:	Miles.	Fiscal year.	Miles.
1901	89	1908	6,109
1902	576	1909	7,126
1903	1,208	1910	8,763
1904	1,921	1911	9,992
1905	2,415	1912	11,308
1906	3,041	1913*	11,748
1907	4,536		

* On January 1, 1913; increase of six months only.

RAILROAD STATISTICS

Fiscal year.	Total mileage in operation.	Earnings of Philippine Railway Co., amount.	Increase.	Calendar year.	Earnings of Manila Railway Co.	
					Amount.	Increase.
1907 ^a	122	.....	.....	1907	\$825,823	.....
1908	221	.....	.....	1908	961,936	16
1909	290	^b \$74,815	.....	1909	1,023,812	6
1910	400	118,646	59	1910	1,223,794	21
1911	455	142,888	20	1911	1,919,244	56
1912	599	386,970	171	1912	2,304,436	20
1913	^c 611	(d)	.....	.....	.....	.....

^a Only railroad line in operation prior to 1907 was 122 miles of the main line of the Manila Railroad Company.

^b First year of operation.

^c On February 1, 1913; increase of six months only.

^d The Philippine Railway Company has recently changed its accounting from the basis of the Government fiscal year (beginning July 1) to a calendar-year basis. Figures are not, therefore, available for a complete twelve months subsequent to June 30, 1912. The figure for the first year on the new basis (ending December 31, 1912, and duplicating part of the last amount given above) is \$376,512.

PUBLIC-HEALTH STATISTICS

Calendar year.	Smallpox.		In Manila.			In the provinces.	
	Cases.	Deaths.	Deaths from diarrhoeal diseases. ^a	Cholera.		Cholera.	
				Cases.	Deaths.	Cases.	Deaths.
1903 .....	.....	16	2,864	910	810	39,555	27,927
1904	73	32	4,998	7	8	120	76
1905	29	6	4,509	225	226	2,337	1,102
1906	31	5	3,858	848	744	13,423	8,649
1907	75	1	3,003	223	194	744	553
1908	213	76	3,433	1,186	819	29,243	18,350
1909	243	71	^b 3,379	284	227	9,860	6,658
1910	5	0	^c 1,672	310	227	9,135	6,425
1911	0	0	^c 1,253	0	0	226	182
1912	0	0	^d 1,858	0	0	49	42
1913 (to May 1)	0	0	.....	0	0	0	0

^a For fiscal years.

^b Use of water begun, furnished by new system, from uninhabited watershed.

^c Water from uninhabited watershed, furnished by new system, in use entire year.

^d Water supply from new system interrupted for three and one-half months, and recourse had to water from inhabited watershed, furnished by old system.

EDUCATION STATISTICS

Fiscal year.	Average enrollment in public schools. ^a	Number of public schools.	Number of permanent schoolhouses.	
			Erected or reconstructed.	In use.
1903.....	b 140,000	b 2,000		
1904.....	b 200,000	2,285		
1905.....	b 300,000	2,864		
1906.....	b 340,000	3,263		c 150 to 180
1907.....	346,245	3,687	d 30	180
1908.....	339,243	3,932	30	210
1909.....	405,478	4,424	50	260
1910.....	427,165	4,531	30	290
1911.....	446,889	4,404	100	390
1912.....	395,075	3,685	135	525
1913.....	329,000	2,934	112	637
1914 ^e	b 430,000	4,000		

^a Enrollment statistics are for the school year June 10 to March 31.

^b Estimated.

^c Spanish buildings still in use.

^d Including those constructed prior to 1907.

^e Estimated; 1,000 new schools were opened in June, 1913, by order of Governor Forbes.

STREET RAILROAD AND LIGHTING IN MANILA

Calendar year.	Passengers carried by street railway.		Gross earnings of street railway.	Gross earnings from electric lighting and power. ^a	
	Number.	Increase (+) or decrease (-).		Amount.	Increase (+) or decrease (-).
		Per cent.			Per cent.
1906 ^b	10,527,902		\$500,826		
1907.....	11,573,641	+ 10	530,110	\$391,222	
1908.....	13,848,025	+ 20	610,871	468,903	+ 20
1909.....	13,409,673	- 3	560,560	509,746	+ 9
1910.....	17,037,411	+ 27	673,587	579,345	+ 14
1911.....	18,621,875	+ 9	724,993	661,487	+ 14
1912.....	20,059,055	+ 8	809,247	772,375	+ 17
1913 (at the rate of).....	20,178,423	+ .5	823,118	822,228	+ 6

^a Two companies in the field prior to 1907; statistics not complete.

^b First year of operation.

POSTAL SAVINGS BANK

Fiscal year.	Depositors in the Postal Savings Bank.		Total amount due depositors at close of year.	
	Number.	Increase.	Amount.	Increase.
		<i>Per cent.</i>		<i>Per cent.</i>
1907 ^a	2,331	.....	\$254,731	.....
1908	5,389	131	515,997	102
1909	8,782	63	724,479	40
1910	13,102	49	839,123	16
1911	25,804	120	1,049,737	25
1912	35,802	24	1,194,493	14
1913	39,909	11	1,240,241	4

^aFirst year of operation.

APPENDIX C

COMPARATIVE STATEMENT OF RESOURCES AND EXPENDITURES FOR THE YEAR 1912

Surplus beginning of fiscal year:	
Cash available for appropriation.....	\$223,666.19
Cash appropriated but unreleased.....	296,750.00
	\$520,416.19
Appropriated from revenues and available.....	4,963,465.67
Supplies purchased from revenue and available.....	2,755,431.07
Cash appropriated from bond fund.....	350,743.54
	8,590,056.47
Supplies brought into appropriated surplus.....	
Revenues and receipts:	
Customs	8,908,123.64
Internal revenues	4,792,710.66
All other receipts.....	1,986,002.39
Sale of bonds.....	
	15,623,386.69
Total available	24,213,893.16
Expenditures:	
Current expenses	9,528,813.64
Fixed charges	1,389,931.47
Public works from revenues.....	3,974,671.17
Public works from bond fund.....	210,964.47
Other capital expenditures.....	
	15,104,380.75
Supplies dropped and transferred to equipment.....	626,492.60
Surplus, June 30, consisting of—	
Cash available for appropriation.....	702,344.98
Cash appropriated but unreleased.....	840,519.44
	1,542,864.42
Appropriated from revenue and available.....	4,143,032.25
Supplies purchased from revenue and available.....	2,657,344.03
Cash appropriated from bond fund.....	139,779.06
	8,483,019.76
	37

EXTRACT FROM SPEECH OF THE GOVERNOR-GENERAL TO THE MANILA MERCHANTS' ASSOCIATION, JULY, 1913

"Our annual revenues, speaking now only of the Insular Government, came last year to twenty-seven million pesos. We spent on what are known as current expenses of the Insular Government about eighteen million pesos. The fixed charges, which are those things which we cannot very well touch, like sinking funds, interest on bonded debts, and the Insular Government share of the city of Manila and certain other similar expenses, came to about two and a half million pesos. Thus our expenses and charges reach the sum of twenty and a half million pesos, leaving a balance which can be used for extraordinary expenses or for public works of six and a half million pesos. As public works are optional and as the amount allotted for extraordinary expenses may be increased or diminished according to revenues, it will be readily seen that our expenditures for these purposes are adjusted according as our receipts come in.

"It has been the policy of the Government to maintain a reasonable reserve of unappropriated moneys to meet any extraordinary situation such as a sudden and unexpected reduction of revenues, or any unexpected and unusual expense such as might be incurred by reason of pestilence, war, or some other public disaster. This reserve has ranged from half a million to four million pesos, and my policy has been to have it in the neighborhood of the latter figure."

NOTE.—The peso is equal in value to a half dollar.



